



Small Companies Fund Monthly Report

April 2018

Portfolio Performance and Strategy

The Eley Griffiths Group Small Companies Fund (SCF) was +2.78% in April; a pleasing result to stay ahead of a strong market. Resource outperformance over Industrials was stark (6.9% v 1.5%) and breadth across the portfolio (overweight 8 of the top 10 contributors) was significant. Energy was again the strongest performing sector, with share prices responding to positive EPS revisions as analysts' mark-to-market commodity price forecasts. Brent (+8.5%) is a standout in this regard; consensus at the start of CY18 was ~\$61/bbl, YTD ~\$70 and spot is ~\$75. Beach Energy (+30%) was a significant attributor to SCF, with the market rewarding the improving free cash flow generation (~15% yield) story. Capital discipline across the resource sphere has been a feature of this cycle to date, no better demonstrated than by the domestic gold players who continue to re-rate. Noteworthy too has been the

Unit Price at 30 April 2018

Application	\$2.4254
Redemption	\$2.4137
Fund Size	\$493 million
# stocks held	60

underperformance of Financials (they make up ~7% of the Small Ords) which have had a torrid time in the last 3 months (-16%). In contrast the media sector is benefitting from regulatory oversight/fallout in the banking sector, with ad spend in both Outdoor and TV seeing an acceleration in recent months. Dollars flowing to online/digital (Facebook, Google) may have over-indexed short term. Potential consolidation in the sector is also garnering attention. We don't believe this will be a panacea for the traditional media players, but the subtle shift in spend is something we are watching closely, given the high fixed cost nature of these businesses and (relatively) low valuations ascribed to them.

Performance Statistics to 30 April 2018

	1 Month %	3 Month %	1 Year %	5 Year % p.a.	10 Year % p.a.
EGG Small Companies Fund	+2.78%	+1.80%	+25.93%	+11.53%	+6.76%
S&P/ASX Small Ordinaries Accumulation Index (XSOAI)	+2.75%	+0.44%	+18.45%	+8.05%	+1.28%
Outperformance	+0.03%	+1.36%	+7.48%	+3.48%	+5.48%

* Fund returns are calculated post fees.

Attribution*

Our best performing stocks for the month;	Our biggest detractors for the month;
1. Beach Energy	1. Afterpay Touch Group
2. Cleanaway Waste Management	2. Michael Hill
3. Xero	3. iSelect

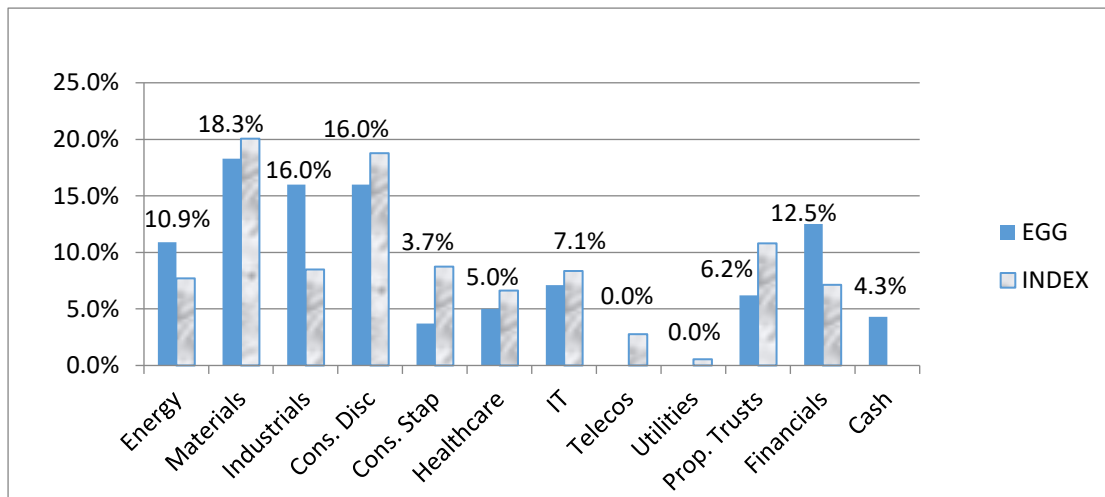
* In alphabetical order, as at 30 April

Top 10 Holdings*

Name	Industry
1. ARB Corp Ltd	Consumer Discretionary
2. Beach Energy	Energy
3. Cleanaway Waste Management Ltd	Industrials
4. Platinum Asset Management	Financials
5. Premier Investments Ltd	Consumer Discretionary
6. Saracen Mineral Holdings Ltd	Materials
7. Seven Group Holdings Ltd	Industrials
8. Sims Metal Management Ltd	Materials
9. SmartGroup Corp Ltd	Industrials
10. Whitehaven Coal Ltd	Energy

* In alphabetical order, as at 30 April

Eley Griffiths Group Small Companies Fund by Sector



Eley Griffiths Group Ratings

Lonsec February 2018	Recommended 2 nd Highest Rating	Zenith February 2018	Recommended 2 nd Highest Rating
		http://eleygriffiths.com.au/news-reports/	

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